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C O N F I D E N T I A L SECTION 01 OF 02 ZAGREB 000385

SIPDIS

FOR EUR/SCE, EUR/PPD, EUR/RPM AND EUR/ERA
OSD FOR POPOVICH

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TAGS: [PREL](#) [PGOV](#) [PINR](#) [ICTY](#) [MARR](#) [ECON](#) [HR](#)
SUBJECT: ZAGREB WEEKLY ACTIVITY REPORT - MAY 14, 2008

Classified By: Rick Holtzapple, POL/ECON, Reasons 1.4 B/D

11. (U) CROATIA HOSTS ADRIATIC SHIELD 08:
Croatia hosted the Proliferation Security Initiative (PSI) exercise ADRIATIC SHIELD 08 in Rijeka 12-14 May 2008, with the active participation of the USS CARNEY. The event tested the efficiency of relevant procedures and the level of preparedness of national agencies to respond to a concrete proliferation threat. It included a full-cycle scenario, taking participants from the point of intelligence acquisition, through sea and port interdictions, analysis of the evidence obtained, and eventual arrest of the suspected proliferators. In addition to the practical scenario, GOC officials participated in a table-top exercise on the margins of the event. This U.S.-facilitated exercise helped officials from the Ministry of Foreign Affairs, the Croatian Navy and Coast Guard, and intelligence services, among others, understand the mechanics of the bilateral shipboarding agreement and the level of coordination required to perform a successful sea interdiction. (CRhoton)

12. (C) ICTY CHIEF PROSECUTOR MEETS WITH GOC AND DIPLOMATIC CORPS:
On May 14 ICTY Chief Prosecutor Serge Brammertz met with government officials and members of the diplomatic corps to provide an update on the activities of the UN war crimes tribunal in the region. While Deputy PM Jadranka Kosor publicly renewed Croatia's commitment to full and open cooperation with ICTY, Brammertz told diplomats in a closed door briefing that he was only "partially satisfied" with GOC efforts to bring war crimes cases to trial. Brammertz noted in particular that despite numerous requests from ICTY staff members, documentation from state archives on the Gotovina case has not yet been provided. In general, Brammertz said that "more written evidence" will be necessary to bring outstanding cases to a conclusion. Brammertz also indicated that since ICTY will "disappear in the near future," he and his colleagues intend to cooperate closely with local war crime prosecutors, working to transfer case loads and provide supporting materials to facilitate prosecutions. He announced, for example, the creation of an ICTY database to provide local prosecutors with ready access to information as they build their cases. (VWalker)

13. (U) ENERGY PRICES PUT HEAT ON GOVERNMENT:
The rising price of gasoline and diesel fuel have fanned fears of further rises in food prices in Croatia and put the government on the defensive. The price of a liter of the most popular fuels in Croatia, premium grade diesel and Euro grade unleaded are now 9.27 (\$2.00/liter or \$7.55/gallon) and 8.99 kunas (\$1.93/liter or \$7.33/gallon), respectively. Minister of Economy Damir Polancec said that the Croatian government can do nothing to bring down the price of oil on world markets, and that fuel prices in Croatia are more or less in line with those of neighboring countries. While this is generally true, the government does levy high taxes on fuel -

a surcharge of 2.85 kunas (\$.61) per liter on unleaded gas, and a further 22% value added tax on that amount. All in all, taxes account for a full 50% of the pump price of a liter of unleaded in Croatia. The government reduced the surcharge before the elections last November but, if prices continue to rise, will come under increasing pressure to do so again as the specter of inflation looms larger. (NBerliner)

14. (U) MILANOVIC RE-ELECTED AS SDP PRESIDENT:

Zoran Milanovic won re-election as president of the Social Democratic Party (SDP), Croatia's leading opposition party, by an overwhelming majority at the party's convention on May 10. Outpacing his nearest rival by 7-to-1, Milanovic ended any questions about his grasp on power within the party, but some of his key associates did not make it into the party's new 10-member presidency structure. The presidency and 103-member main committee replace the more centralized party structure of the last years of the late party president and former PM Ivica Racan. In addition to Milanovic, the SDP presidency includes two vice-presidents, Zlatko Komadina (Rijeka county prefect), and Milanka Opacic (MP); as well as seven other members: Zeljka Antunovic (MP, former defense minister), Milan Bandic (Mayor of Zagreb), Biljana Borzan (MP and Deputy Mayor of Osijek), Zvonimir Masic (MP, mayor of Koprivnica), Vojko Obersnel (Mayor of Rijeka), Ranko Ostojic (MP, former national director of police), Tonino Picula (MP, mayor of Velika Gorica, former foreign minister)

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(TSelinger)
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